

COPY

FROST & TOWERS
Attorneys & Counsellors At Law
Washington 5, D. C.

August 6, 1957

Control Data Corporation
600 Midland Bank Building
Minneapolis 1, Minnesota

Gentlemen:

It has come to my attention as General Counsel of Sperry Rand Corporation that your company, through its authorized representatives, may have been engaged in activities violative of the legal rights of Sperry Rand.

Your controlling stockholders know, of course, quite more about the detailed facts than do we, but we do have information which indicates that in connection with the development of your company they planned to entice away our engineers including key men and entire groups engaged on highly confidential business and through these employees (though not necessarily with their pre-knowledge) to utilize our trade secrets, confidential processes and inventions.

Sperry Rand, of course, can have no objection to your engaging in competitive manufacturing. Likewise, it has no complaint with respect to your suggesting to any particular employee that he exchange his present position for one with you so long as he does not divulge or make use of its trade secrets, confidential processes and inventions; but the contacting of its engineers in mass meetings with the clear purpose of enticing them away and building competing equipment by utilizing through them its manufacturing processes, know-how and inventions is per se wrong and constitutes unfair trade practice.

Further investigation is being made of the facts and I wish to put you on notice that if, as believed, Sperry Rand's legal rights have been infringed, or if such rights are violated by you in the future, all available action will be taken.

To possibly speed up your consideration of this matter, a few of the leading cases in the Federal court which seemingly are in point are cited below:

SANDLIN v. JOHNSON - 141 F 2d 660 - 4th Circuit - 1944;
LLOYD LABORATORIES v. LLOYD BROTHERS - 131 F 2d 703 - 1942 - Sixth Circuit;
INTERNATIONAL INDUSTRIES v. WARREN PETROLEUM - 99 FS 907 - Delaware - 1951;
NEWELL v. O. A. NEWTON & SON - 104 FS 162 - Delaware - 1952;
FERROLINN CORP. v. GENERAL ANILINE CORP. - 207 F 2d 912 - 7th Circuit;
SMITH v. BRAVO CORP. - 203 F 2d 369 - 1953 - 7th Circuit; and
COLGATE PALMOLIVE CO. v. CARTER - 230 F 2d 855 - 3/8/56 - 4th Circuit.

While it is not for me to decide, I do suggest that this letter contains material information which should be revealed to any persons to whom you offer your stock for sale.

Very truly yours,

Norman B. Frost
General Counsel, Sperry Rand Corporation